

Political parties at European level and rules regarding their funding

European Parliament resolution of 6 April 2011 on the application of Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding (2010/2201(INI))

The European Parliament,

- having regard to Article 10(4) of the Treaty on European Union and Article 224 of the Treaty on the Functioning of the European Union,
 - having regard to Article 12(2) of the Charter of Fundamental Rights of the European Union,
 - having regard to Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level (political parties and their foundations as defined in Article 2(3) and (4) thereof) and the rules regarding their funding¹ (the Funding Regulation), particularly Article 12 thereof,
 - having regard to its resolution of 23 March 2006 on European political parties²,
 - having regard to the Secretary-General's report to the Bureau of 18 October 2010 on party funding at European level, submitted pursuant to Article 15 of the Bureau decision of 29 March 2004³ on implementing the Funding Regulation,
 - having regard to the Bureau note of 10 January 2011 as the revised version of the Bureau decisions taken on 13 December 2010,
 - having regard to Rules 210(6) and 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Constitutional Affairs (A7-0062/2011),
- A. whereas Article 10(4) of the Treaty on European Union states that ‘political parties at European level contribute to forming European political awareness and to expressing the will of citizens of the Union’, while Parliament and the Council, in accordance with Article 224 of the Treaty on the Functioning of the European Union, lay down the regulations governing these parties and their political foundations and, in particular, the rules regarding their funding,
- B. whereas the Charter of Fundamental Rights of the European Union states clearly that political parties at Union level contribute to expressing the political will of the citizens of the Union,
- C. whereas the European Union must function on the basis of the principle of ‘representative democracy’, as stated in Article 10(1) of the Treaty on European Union,

¹ OJ L 297, 15.11.2003, p. 1.

² OJ C 292 E, 1.12.2006, p. 127.

³ Amended by Bureau decision of 1 February 2006 and 18 February 2008.

- D. whereas the foundations for European political parties were laid in the Treaties of Maastricht and Nice, which introduced the possibility of funding and thus gave them operational autonomy vis-à-vis the parliamentary groups,
- E. whereas in 2007, following a call by Parliament¹, the Commission presented a proposal introducing the funding of political foundations at European level (European political foundations), which was adopted in December 2007, with a view to supporting the European political parties in the debate on public policy issues and on European integration,
- F. whereas the 2007 amending Regulation² seeks to facilitate the integration process for European political parties by enabling the political parties within the Union to structure and organise themselves more effectively,
- G. whereas the 2007 amending Regulation considerably enhanced the role of the European political parties in elections to the European Parliament by stipulating that their expenditure could include funding for election campaigns; whereas, however, this option was restricted by the condition that the appropriations concerned should not be used for the direct or indirect funding of national political parties or candidates,
- H. whereas all the European political parties that are funded have signed a code of conduct, regarded by the Bureau as binding on all parties, laying down rules to be complied with during election campaigns,
- I. whereas the enhancement of the role of European political parties is necessarily tied to their involvement in elections to the European Parliament,
- J. whereas the 2007 amending Regulation calls for more formal recognition of the European political parties,
- K. whereas the 2007 amending Regulation is oriented towards the creation of fully organised and effective political parties at European and Member State level through a balanced process of institutionalisation,
- L. whereas the 2007 amending Regulation seeks to bring about the organisational convergence of political parties and their foundations at European level, while at the same time recognising the different tasks pursued by, respectively, political parties and political foundations,
- M. whereas this organisational convergence can be achieved only by establishing a common political, legal and fiscal status for the European political parties, although this must not entail any standardisation of the organisation of European political parties and their foundations, for which the European political parties and their foundations themselves have sole competence,
- N. whereas the requirement to adopt a legal statute for the European political parties and their

¹ Resolution of 23 March 2006 on European political parties, paragraph 14 (OJ C 292 E, 1.12.2006, p. 127).

² Regulation (EC) No 1524/2007 of the European Parliament and of the Council of 18 December 2007, OJ L 343, 27.12.2007, p. 5.

political foundations based on the law of the European Union is a clear and substantial step towards enhancing democracy in the Union,

- O. whereas organisational and functional convergence and improvements to the funding process can be achieved only by adopting a uniform and common European statute for all European political parties and their political foundations based on the law of the European Union,
- P. whereas the regulation on political parties at European level does not draw a distinction between the recognition and the funding of political parties,
- Q. whereas the Bureau note of 10 January 2011 recommended tightening the criteria for the funding of European political parties; whereas this amounts to a restriction of party competition at European level as long as the criteria for the legal recognition and funding of political parties are identical,
- R. whereas the 2007 amending Regulation provides a clear legal and financial basis for the establishment of integrated political parties at European Union level in order to raise European awareness and effectively express the will of the citizens of the European Union,
- S. whereas the funding of European political parties is subject to the provisions of Title VI, 'Grants', of the Financial Regulation¹ and its Implementing Rules²,
- T. whereas the Bureau, as the body responsible for implementing the Funding Regulation within Parliament, decided in 2006 on a number of significant improvements to the implementing rules, such as increasing the prefinancing option from 50 % to 80 % in order to simplify the procedure and improve the solvency of the beneficiaries, and relaxing the rules on transfers between chapters in the budgets of beneficiaries in order to enable them to adjust their budgets to changing political circumstances,
- U. whereas experience with the funding of European political parties and their affiliated European political foundations has shown that they need more flexibility and comparable conditions as regards the carrying-over of funds to the following financial year and the building-up of reserves from own resources over and above the prescribed minimum level of expenditure to be financed from their own funds,
- V. whereas the European political parties spend on average almost half of their budgets on centralised administration (staff, rent, etc.) and another quarter on meetings of (statutory and non-statutory) party bodies, the rest being spent on election campaigns and support for affiliated organisations,
- W. whereas the European political foundations have a different expenditure pattern, spending on average 40 % of their budgets on centralised administration and meetings and another 40 % on external services, such as studies, research, publications and seminars,
- X. whereas the main source of the European political parties' own resources is membership

¹ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, OJ L 248, 16.9. 2002, p. 1.

² Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002, OJ L 357, 31.12.2002, p. 1.

fees collected from the member parties, and whereas less than 5 % of their total income is made up of individual membership subscriptions and donations,

- Y. whereas the share of their total income accounted for by funding from the Union budget is higher in the case of the European political parties than in that of the European political foundations,
- Z. whereas donations do not yet represent a significant part of the funding, with only three parties and two foundations receiving donations on a regular basis in 2009,
- AA. whereas there is a potential conflict between, on the one hand, the aim of facilitating and speeding up funding, thus making it more effective, and, on the other, the aim of minimising the financial risk to the Union budget,
- AB. whereas during the period covered by this report, 2008-2011, no penalties have had to be imposed on any party or foundation funded,
- AC. whereas the European political parties and foundations have to acquire legal personality in accordance with the law of the Member State of their seat in order to be eligible for funding, and whereas they do not have a common legal status,
- AD. whereas the subsidies for European political parties and foundations are ‘grants’ within the meaning of Title VI of the Financial Regulation and its Implementing Rules, but their specific nature means that they are not comparable with any grant awarded and administered by the Commission; whereas this is reflected in a significant number of provisions in the Funding Regulation setting out exceptions; whereas this solution is not satisfactory,

The new political environment

1. Notes that political parties – and their linked political foundations – are essential instruments of a parliamentary democracy, holding parliamentarians to account, helping to shape the political will of citizens, drawing up political programmes, training and selecting candidates, maintaining dialogue with citizens and enabling citizens to express their views;
2. Stresses that the Treaty of Lisbon provides for this role of the political parties and their foundations with a view to creating a European polis, a political space at EU level, and a European democracy, of which the European Citizens' Initiative is a key constitutive element;
3. Notes that the European political parties, as they stand, are not in a position to play this role to the full because they are merely umbrella organisations for national parties and not directly in touch with the electorate in the Member States;
4. Notes with satisfaction, however, that the European political parties and political foundations have nevertheless become indispensable actors in the political life of the European Union, in particular by shaping and voicing the respective positions of the various ‘political families’;
5. Emphasises the need for all European political parties to conform to the highest standards

of internal party democracy (as regards the democratic election of party bodies and democratic decision-making processes, including for the selection of candidates);

6. Takes the view that, once it has met the conditions for being regarded as a political party at EU level, a party may receive funding only if it is represented in the European Parliament by at least one of its members;
7. Points out that political parties have rights, obligations and responsibilities and should therefore follow converging general organisational patterns; considers that this organisational convergence can only be achieved by establishing a common legal and fiscal status based on EU law for the European political parties and their political foundations;
8. Is convinced that authentic legal status for the European political parties and a legal personality of their own, based directly on the law of the European Union, will enable the European political parties and their political foundations to act as representative agents of the European public interest;
9. Takes the view that the European political parties should interact and compete on matters relating to common European challenges and the European Union and its development at three levels: regionally, nationally and at European level; considers that it is of the utmost importance for European political parties to be efficient and productive at EU and national level and beyond;
10. Stresses the important challenges in terms of organisational capacity that the European political parties will have to face in the light of the reforms that may be made to the European electoral system (creation of an additional constituency, establishment of transnational lists), ;
11. Notes that this is, in principle, in keeping with the idea of European political parties participating in referendum campaigns, when the referendums concerned are directly linked to issues relating to the European Union;
12. Decides, therefore, to request the Commission to propose a draft statute for European political parties in accordance with Article 225 of the Treaty on the Functioning of the European Union;
13. Notes that what is needed on a shorter-term basis is an improved regulatory environment for the European political parties and foundations, involving, as a first step, the adoption of the European statute;

Additional reform proposals

14. Considers that Members sitting in regional parliaments or assemblies should be taken into account in connection with the fulfilment of the funding conditions only if the parliament or assembly in question is endowed with legislative powers;
15. Points out that the award of funding and the closure of the accounts of the European political parties and foundations are bureaucratic and cumbersome procedures; considers that this stems to a great extent from the fact that funding payments are regarded as 'grants' within the meaning of the Financial Regulation, which is appropriate for the

funding of projects or associations, but not for parties;

16. Takes the view, therefore, that the Commission should propose the creation of a new title in the Financial Regulation devoted solely and tailored specifically to the funding of European parties and foundations; considers that the Funding Regulation should, as far as its implementation is concerned, refer to the provisions of this new title;
17. Stresses that the self-financing of parties and foundations is a sign of vitality; believes that it should be encouraged by raising the present limit of EUR 12 000 per year for donations to EUR 25 000 per year/per donor, combined, however, with a requirement to disclose the donor's identity at the time of receipt, in accordance with the legislation in force and in the interests of transparency;
18. Considers that requiring the submission of 'annual work programmes' as a precondition for funding is inappropriate for political parties; points out, moreover, that such a requirement does not exist in any EU Member State;
19. Underlines the fact that the timing of funding is crucial if it is to fulfil its purpose; calls, as an exception to the implementing rules for the Financial Regulation, for the funding to be made available at the beginning of the financial year at 100 %, not 80 %; considers that in view of positive past experiences the risk to Parliament is negligible;
20. Points out that the Financial Regulation stipulates that grants 'may not finance the entire operating expenditure of the beneficiary body'; observes that complying with this rule is especially difficult for foundations and leads to evasive bookkeeping techniques (for example 'contributions in kind'); points out that almost none of the funding schemes in Member States require partial self-financing, as this can disadvantage smaller or recently established parties;
21. Points out that the independent resources that the European political parties are required to demonstrate could be reduced to 10 % of their total budget, in order to further enhance their development; at the same time, believes that their own resources in the form of physical resources should not exceed 7.5 % of their total budget;
22. Notes that in the case of European political foundations the revision of the legal instrument should be taken as an opportunity to abolish the requirement to demonstrate that they have resources of their own;
23. Points out that in the context of this revision the limitation imposed on European political foundations requiring them to use their funds within the European Union should be removed; thereby enabling the foundations to play a role both inside and outside the EU;
24. Emphasises, however, that relaxing the funding regime would have to be counterbalanced by providing for sanctions in the Funding Regulation where they are currently lacking; these sanctions could take the form of financial penalties in the event of infringements of the rules concerning, for example, the transparency of donations; emphasises the need to lay down the same conditions governing the building-up of reserves from own resources above the limit and the carrying-over of funds for both European political parties and their affiliated European political foundations;
25. Points out that since 2008 European political parties have been entitled to use sums

received as grants for ‘financing campaigns conducted ... in the context of the elections to the European Parliament’ (Article 8, third paragraph, of the Funding Regulation); also points out, however, that they are prohibited from using these sums for financing ‘referendum campaigns’; believes, however, that if European political parties are to play a political role at EU level, they should have the right to participate in such campaigns as long as the subject of the referendum has a direct link with issues concerning the European Union;

26. Invites the European political parties to start a process of considering the terms for direct individual membership and appropriate arrangements for individuals’ direct or indirect participation in the internal activities and decision-making processes of the parties;

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27. Instructs its President to forward this resolution to the Council and the Commission.